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C O N F I D E N T I A L SECTION 01 OF 03 SOFIA 001882

SIPDIS

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TAGS: PREL PINR BINV ECON KCOR KCRM BU

SUBJECT: BULGARIA'S CRACKDOWN ON ORGANIZED CRIME: IS IT REAL OR IS IT MOREX?

REF: A. A) SOFIA 1847

B. B) SOFIA 1207

C. C) SOFIA 1860

Classified By: AMBASSADOR JOHN BEYRLE, FOR REASON 1.4 (C).

¶1. (C) Summary: In the wake of the high-profile killing of banker Emil Kyulev, Bulgarian authorities have begun a crackdown on organized crime, including the arrest of two notorious crime figures. It is not yet clear whether this is a genuine effort to deal with the problem of organized crime or simply an effort to "round up the usual suspects" and create the perception that Bulgaria is doing something at a time when the pressure and attention on the issue is intense, especially in connection with pre-accession scrutiny from the EU. The Interior Minister has requested U.S. assistance in its investigation of the Kyulev murder and other organized crime cases. This cooperation should provide us with an opportunity, over the next few weeks, to better judge the political will of the new government to crack down on organized crime. In order to be successful, the government will have to overcome systemic corruption among police, prosecutors, judges, and individual members of the governing coalition. End Summary

Government Initiates "Crackdown" Against Organized Crime

¶2. (C) The GOB appears to be taking some initial steps towards reining in organized crime following the high-profile shooting of banker Emil Kyulev (ref A). The Prosecutor's Office on October 31 announced that it would press charges against two well-known organized crime figures, Krassimir and Nikolay Marinov, for planning three future assassinations and participating in organized crime. The two brothers, who are nicknamed Big and Little Margin, were arrested on Friday evening as part of a nation-wide police operation targeting suspected crime figures following the Kyulev murder. The brothers are two of the only remaining figures of the former organized crime group SIC, which later became Intergroup (ref B). Most of SIC's other members have been killed.

¶3. (C) According to the police, the Marinov brothers were planning the killing of three individuals: former external-intelligence chief and founder of the BSP "Generals' Movement" Lyubomir Gotsev, suspected crime boss Ivan Todorov (a.k.a., the Doctor), who once was an ally of the Marinovs but now is alleged to be working for the rival criminal group TIM, and businessman Nikola Damyanov, who is reported to have close ties to American millionaire Marc Rich. The Marinov brothers do not appear to be involved in the Kyulev killing. Apart from the Marinov brothers, recent inspections and searches by police reportedly led to the arrest of 144 individuals. It's not clear, however, whether these efforts are designed to round up the usual suspects and show that Bulgaria is taking some action against organized crime or whether the police are actually doing the legwork to build cases that can later be prosecuted. Many of the 144 people arrested are believed to be insignificant figures who will likely be released shortly due to the lack of evidence against them. Other speculation in the press and among some officials is that the Marinov brothers are simply rivals of criminal groups who currently enjoy the protection of some in power, and therefore are easy targets for the police.

Kyulev Killing Attracts High-Level Attention for Now

¶4. (C) The government's response to the Kyulev killing has been uncharacteristically energetic, which is likely a testament to Kyulev's influence and stature among Bulgaria's political elite as well as the inopportune timing of his killing immediately after the release of the EU's critical report on Bulgaria's accession prospects. Shortly after the shooting, the Interior and Justice Ministers and chiefs of the security services were summoned to appear before a special session of parliament to provide information on the case. Prime Minister Stanishev will appear before parliament to answer questions on November 4. President Purvanov also convened a meeting of the cabinet-level Crime Control Coordination Council to determine Bulgaria's response to the Kyulev murder. In addition to the President, the Ministers of Interior, Justice and Finance and the Prosecutor General attended the Council meeting. Discussion at both meetings

was reportedly strident at times, with talk about Bulgaria's statehood and EU aspirations being purposely subverted and calls for extraordinary measures to combat crime.

15. (U) Deputy Interior Minister Kamen Penkov proposed using the army to help crackdown on organized crime, but later retracted the idea following objections from defense officials. Many officials, including President Purvanov, Penkov and former Defense Minister Nikolay Svinarov, initially suggested that political motives were behind Kyulev's assassination. Namely efforts by some to derail Bulgaria's EU accession but such emotional speculation has cooled in the week since the killing. President Purvanov after the session made a strong push for state institutions in Bulgaria to demonstrate their will and capacity to fight organized crime in the "interest of its citizens and businesses." He also suggested setting up an independent counter-corruption service and establishing a special prosecutor unit for fighting corruption, who would report directly to the Prosecutor General.

Theories Behind Kyulev's Murder

16. (C) The police and the MOI are reportedly investigating four possible theories behind Kyulev's death, three of which relate to his business ties. One theory purports that Kyulev owed the former head of VAI Holdings (formerly VIS) Georgi Iliev money and refused to pay this debt after Iliev was killed last August. Another theory claims that Kyulev's plans to develop a number of businesses on the Black Sea (in the tourism and real estate sectors) clashed with members of TIM, who view that area as their own territory. A third theory posits that Kyulev's murder was the result of an outstanding debt to his former business partner Michael Chorniy and other Russian partners in the now defunct Roseximbank. With the investigation still in its early phase, though, these theories amount to little more than speculation at this point.

Requests for US Assistance

17. (C) Foreign Minister Kalfin immediately after the Kyulev killing asked for U.S. assistance in the investigation (ref C), and Interior Minister Petkov sent the letter in para 10 below to the Ambassador on October 28. Our Legatt has met daily since the killing with MOI Chief Secretary Iliev to coordinate this effort. Per the MOI request, the FBI has provided the Bulgarians with all of Kyulev's financial and travel records available in the US. The FBI also is helping to enhance a surveillance photograph of a subject who the MOI believes may be connected to the Kyulev murder. Additionally, the FBI has extended an offer to send a special team to Bulgaria to exploit any financial documents the Bulgarians acquire in the Kyulev investigation. This effort would be in coordination with the British, who are also working with the MOI to exploit documents and conduct a ballistics analysis related to the case.

18. (C) Our Legatt also is offering to assist the MOI in two other ongoing organized crime cases against the Marinov brothers and Ivan Todorov. Ivan Todorov (a.k.a., the Doctor) is a former member of the "Amigos" crime syndicate who is thought to be one of the largest drug traffickers in the Balkans and actively involved in cigarette smuggling and tax evasion. Todorov also is involved in money laundering and other financial crimes. The MOI has agreed to a request to not mention our assistance publicly.

Comment

19. (C) Whether by design or ineptitude, the police appear to have botched the initial phase of the Kyulev investigation. Photographs widely circulated on the Internet, for example, show a large group of police officers trampling the crime scene without any apparent overall direction. As one of our Bulgarian contacts said ruefully, "This is not CSI." It is still too early to tell whether the GOB is truly serious about finally cracking down on organized crime, although the combination of Kyulev's prominence and EU scrutiny certainly create the right conditions for it. One of PM Stanishev's top advisors made a convincing argument in support of his boss' commitment to follow the trail wherever it leads, saying candidly that the government needs outside assistance because "we don't know who to trust" in the ranks of the deeply-corrupted police. However, it is almost inevitable that a thorough investigation of organized crime in Bulgaria would reveal financial links to politicians from all of the major parties. We will be watching closely to see whether the government, an uneasy coalition of three disparate parties glued together by the imperative of EU accession, has the nerve to follow through in a major showdown with Bulgarian organized crime. If it continues down the path of seeking USG assistance, the GOB will have to face the choice

either to act on whatever evidence we provide or to drag its feet. In either case, their true intentions will soon become apparent. END COMMENT.

¶10. (U) Text of the letter from Interior Minister Petkov to the Ambassador follows:

Your Excellency:

It is a pleasure for me to address you and to once again express the great satisfaction of the constructive and beneficial cooperation which the Ministry of Interior maintains with the U.S. law enforcement bodies.

Bulgaria highly appreciates the material and moral assistance of the U.S. in the entire process of Bulgaria's accession to the Euro-Atlantic structures, notably the introduction of best practices and standards in the work of the Bulgarian police.

Undoubtedly a proactive, trustworthy partnership between our police and special services has no alternative at a time when serious challenges posed by trans-border organized crime face us. I would like to assure you that the Ministry of Interior is firmly resolved to continue its consistent and purposeful work for the successful counteraction of organized crime by employing the necessary will and all available resources.

In that regard and in the context of our excellent partnership, I would be most grateful if the U.S., through the Federal Bureau of Investigation, in the course of the measures undertaken to more effectively fight organized crime and its trans-border forms considers the possibility to provide technical assistance for computer analysis to MOI bodies as well as special equipment for joint investigative operations.

Respectfully,
Rumen Petkov
October 27, 2005

BEYRLE